

THE HONORABLE THOMAS S. ZILLY

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

ANTONIO BACHAALANI NACIF and WIES
RAFI, individually and on behalf of all others
similarly situated,

Plaintiffs,

v.

ATHIRA PHARMA, INC., et al.

Defendants.

No. C21-861 TSZ

**DEFENDANT DR. LEEN KAWAS'S
ANSWER AND AFFIRMATIVE
DEFENSES TO CONSOLIDATED
AMENDED COMPLAINT FOR
VIOLATIONS OF THE FEDERAL
SECURITIES LAWS**

ANSWER

Defendant Dr. Leen Kawas, (hereinafter "Dr. Kawas") answers Plaintiffs' Consolidated Amended Complaint ("Complaint") as follows, in paragraphs numbered to correspond to the paragraph numbers in said Complaint.

Dr. Kawas denies all allegations in the Complaint, including without limitation all allegations in headings and footnotes and/or in materials referred to therein, except those that are expressly admitted herein. Dr. Kawas's use of any defined terms taken from the Complaint should not be interpreted as, and is not an admission that, Dr. Kawas agrees with Plaintiffs' characterization or use of the defined terms in the Complaint, or that the defined terms are accurate. Dr. Kawas's use of any terms defined in the Complaint is solely for purposes of responding to the allegations in the Complaint and for ease of reference. Dr. Kawas expressly reserves the right to

1 amend and/or supplement this Answer, including any defenses, as may be necessary or
2 appropriate.

3 **I. NATURE OF THE CLAIM**

4 1. In answer to paragraph 1 of the Complaint, Dr. Kawas admits that, in the prospectus
5 for its IPO, Athira described itself as "a late clinical-stage biopharmaceutical company focused on
6 developing small molecules to restore neuronal health and stop neurodegeneration"; that ATH-
7 1017 is Athira's lead product; and that Dihexa is the active ingredient in ATH-1017. Except as
8 specifically admitted herein, Dr. Kawas denies the allegations in paragraph 1.

9 2. In answer to paragraph 2 of the Complaint, Dr. Kawas admits that she is the former
10 CEO of Athira; that she performed research and co-authored academic articles related to Dihexa;
11 and that for some of these published articles her co-authors included one or more of her former
12 professors at Washington State University ("WSU"). Except as specifically admitted herein,
13 Dr. Kawas denies the allegations in paragraph 2.

14 3. In answer to paragraph 3 of the Complaint, Dr. Kawas admits that in the prospectus
15 for its IPO, Athira described its licensing agreement with WSU; stated that this agreement "granted
16 [Athira] an exclusive license to make, use, sell, and offer for sale licensed products and licensed
17 processes that embody the licensed patents (including WSU's rights to a patent jointly owned with
18 Pacific Northwest Biotechnology, Inc.) and that form the underlying technology of the drug
19 therapies we are developing"; and identified Dr. Kawas's academic credentials. Dr. Kawas
20 respectfully refers the Court to Athira's IPO prospectus for a complete and accurate recitation of
21 its contents. Except as specifically admitted herein, Dr. Kawas denies the allegations in
22 paragraph 3.

23 4. In answer to paragraph 4 of the Complaint, Dr. Kawas admits that in a press release
24 dated October 21, 2021, Athira stated, among other things, "The special committee's primary
25 finding was that Dr. Kawas altered images in her 2011 doctoral dissertation and in at least four
26 research papers that she co-authored while a graduate student at WSU, published from 2011 to

1 2014." Dr. Kawas respectfully refers the Court to the October 21, 2021, press release for a
 2 complete and accurate recitation of its contents. Except as specifically admitted herein, Dr. Kawas
 3 denies the allegations in paragraph 4.

4 5. In answer to paragraph 5 of the Complaint, Dr. Kawas admits that on October 18,
 5 2021, she resigned as president, CEO and a director of Athira, and subsequently wrote a letter to
 6 Athira employees, which Plaintiffs purport to quote in part. Dr. Kawas respectfully refers the
 7 Court to the letter to Athira employees for a complete and accurate recitation of its contents.
 8 Except as specifically admitted herein, Dr. Kawas denies the allegations in paragraph 5.

9 6. In answer to paragraph 6 of the Complaint, Dr. Kawas states that the allegation that
 10 "the submission of falsified data to the U.S. Patent and Trademark Office renders the entirety of
 11 such a patent, and any related patents, unenforceable" is an allegation of law to which no response
 12 is required; but that if a response is required, then Dr. Kawas denies this allegation. Dr. Kawas
 13 denies all other allegations in paragraph 6.

14 7. The allegations of paragraph 7 are definitional only, for which no response is
 15 required. To the extent a response may be required, Dr. Kawas denies each and every allegation
 16 in paragraph 7.

17 **II. JURISDICTION AND VENUE**

18 8. In answer to paragraph 8 of the Complaint, Dr. Kawas admits that in their
 19 Complaint, Plaintiffs purport to assert claims under Sections 11, 12 and 15 of the Securities Act
 20 of 1933 ("Securities Act"), under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934
 21 ("Exchange Act"), and under SEC Rule 10b-5. Except as specifically admitted herein, Dr. Kawas
 22 denies the allegations in paragraph 8.

23 9. In answer to paragraph 9 of the Complaint, Dr. Kawas admits that the Court has
 24 subject-matter jurisdiction over Plaintiffs' claims. Dr. Kawas further states that the statutory
 25
 26

1 provisions under which jurisdiction is premised constitute allegations of law, to which no response
2 is required.

3 10. In answer to paragraph 10 of the Complaint, Dr. Kawas admits that venue in this
4 Court is proper and that Athira's corporate headquarters are located in Bothell, Washington.
5 Dr. Kawas further states that the statutory provisions under which venue is premised constitute
6 allegations of law, to which no response is required. Except as specifically admitted herein,
7 Dr. Kawas denies the allegations in paragraph 10.

8 11. The allegations in paragraph 11 are vague and ambiguous, and on that basis
9 Dr. Kawas denies all such allegations.

10 **III. PARTIES**

11 **A. Plaintiffs**

12 12. In answer to paragraph 12 of the Complaint, Dr. Kawas denies the allegations of
13 securities law violations and that Plaintiff Nacif suffered damages as the result of such alleged
14 securities law violations. Dr. Kawas lacks knowledge or information sufficient to admit or deny
15 the remaining allegations in paragraph 12, and on that basis denies each such allegation.
16 Dr. Kawas respectfully refers the Court to Plaintiff Nacif's PSLRA certification for a complete and
17 accurate recitation of its contents.

18 13. In answer to paragraph 13 of the Complaint, Dr. Kawas denies the allegations of
19 securities law violations and that Plaintiff Rafi suffered damages as the result of such alleged
20 securities law violations. Dr. Kawas lacks knowledge or information sufficient to admit or deny
21 the remaining allegations in paragraph 13, and on that basis denies each such allegation.
22 Dr. Kawas respectfully refers the Court to Plaintiff Rafi's PSLRA certification for a complete and
23 accurate recitation of its contents.

24 **B. Defendants**

25 **1. Exchange Act Defendants**

26 14. Dr. Kawas admits the allegations in paragraph 14.

1 15. In answer to paragraph 15 of the Complaint, Dr. Kawas admits that she formerly
2 was the president, chief executive officer and a director of Athira. Except as specifically admitted
3 herein, Dr. Kawas denies the allegations in paragraph 15.

4 16. In answer to paragraph 16 of the Complaint, Dr. Kawas admits that Glenna Milesen
5 has served as chief financial officer of Athira. Except as specifically admitted herein, Dr. Kawas
6 denies the allegations in paragraph 16.

7 17. In answer to paragraph 17 of the Complaint, Dr. Kawas admits that Joseph
8 Edelman, John M. Fluke, Jr., and James A. Johnson have served as directors of Athira. Except as
9 specifically admitted herein, Dr. Kawas denies the allegations in paragraph 17.

10 18. The allegations of paragraph 18 are definitional only, for which no response is
11 required.

12 **2. Securities Act Defendants**

13 19. In answer to paragraph 19 of the Complaint, Dr. Kawas admits that Athira Pharma,
14 Inc. is the registrant named on the S-1 Registration Statement filed with the Securities and
15 Exchange Commission ("SEC") on August 26, 2020, and on the S-1 Registration Statement filed
16 with the SEC on January 19, 2021. Except as specifically admitted herein, Dr. Kawas denies the
17 allegations in paragraph 19.

18 20. In answer to paragraph 20 of the Complaint, Dr. Kawas states that the S-1
19 Registration Statements identified in answer to paragraph 19 identify the persons who signed them,
20 and respectfully refers the Court to those S-1 Registration Statements for a complete and accurate
21 recitation of their contents. Dr. Kawas denies the remaining allegations in paragraph 20.

22 21. Dr. Kawas admits the allegations in paragraph 21.

23 22. Dr. Kawas admits the allegations in paragraph 22.

24 **3. Control Person Allegations**

25 23. In answer to paragraph 23 of the Complaint, Dr. Kawas admits that at certain times
26 she held senior positions at Athira, participated in management of the Company, was involved in

1 day-to-day operations of the Company, and was generally privy to confidential, proprietary
 2 information concerning the Company and its business, operations, product development,
 3 intellectual property, licensing agreements, financial statements, and public relations. Except as
 4 specifically admitted herein, Dr. Kawas denies the allegations in paragraph 23.

5 24. In answer to paragraph 24 of the Complaint, Dr. Kawas states that Athira's
 6 Registration Statements and the SOX Certifications identify the persons who signed them, and
 7 respectfully refers the Court to the Registration Statements and the SOX Certifications for a
 8 complete and accurate recitation of their contents. Dr. Kawas denies the remaining allegations in
 9 paragraph 24.

10 25. In answer to paragraph 25 of the Complaint, Dr. Kawas admits that she was a senior
 11 executive of Athira, and that she signed certain of Athira's SOX Certifications. Dr. Kawas further
 12 states that the remaining allegations are allegations of law to which no answer is required, but that
 13 if an answer is required, then Dr. Kawas denies each and every remaining allegation in
 14 paragraph 25.

15 26. Dr. Kawas states that the allegations in paragraph 26 are vague and ambiguous, and
 16 denies each and every allegation therein.

17 **IV. SUBSTANTIVE ALLEGATIONS—EXCHANGE ACT CLAIMS**

18 **A. Athira's Background and Lead Product**

19 27. In answer to paragraph 27 of the Complaint, Dr. Kawas admits that Joseph Harding
 20 is an Emeritus Professor in the Department of Integrative Physiology and Neuroscience at
 21 Washington State University ("WSU"); that Jay Wright is an Emeritus Regents Professor in the
 22 WSU Departments of Psychology and Veterinary and Comparative Anatomy, Pharmacology and
 23 Physiology, as well as programs in Neuroscience and Biotechnology; that Professors Harding and
 24 Wright were co-founders of M3 Biotechnology, Inc. ("M3"); that M3 subsequently changed its
 25 name to Athira; that WSU's Department of Commercialization supported M3 in its research related
 26 to the development of new drugs; and that Professor Harding has conducted and overseen research

1 related to the potential impact of small molecules on various body systems. Except as specifically
 2 admitted herein, Dr. Kawas states that she lacks knowledge or information sufficient to admit or
 3 deny the remaining allegations in paragraph 27 of the Complaint, and on that basis denies each
 4 and every such allegation.

5 28. In answer to paragraph 28 of the Complaint, Dr. Kawas admits that from 2011 until
 6 she left Athira in 2021, M3/Athira conducted research, and performed studies on the impact of
 7 small molecules, including Dihexa, to restore neuronal health and stop neurodegeneration; that
 8 Dr. Kawas received funding for her research in part from various institutions and nonprofit
 9 organization; and that she was promoted to CEO and President of Athira in 2013. Except as
 10 specifically admitted herein, Dr. Kawas denies the allegations in paragraph 28.

11 29. In answer to paragraph 29 of the Complaint, Dr. Kawas admits that as of the time
 12 she left Athira in 2021, Athira's lead product was ATH-1017; that ATH-1017 is a prodrug of
 13 Dihexa; that upon injection into the body ATH-1017 converts into Dihexa; and that at one time
 14 ATH-1017 was known as NDX-1017. Except as specifically admitted herein, Dr. Kawas denies
 15 the allegations in paragraph 29.

16 30. In answer to paragraph 30 of the Complaint, Dr. Kawas admits that there is
 17 evidence that Dihexa may improve cognitive function in those with neurodegenerative diseases
 18 such as Alzheimer's Disease or Parkinson's Disease. Dr. Kawas lacks knowledge or information
 19 sufficient to admit or deny what is "generally" believed, or by whom, and on that basis denies the
 20 remaining allegations in paragraph 30 of the Complaint.

21 31. In answer to paragraph 31 of the Complaint, Dr. Kawas admits that WSU currently
 22 holds the patent for Dihexa and analogous compounds; that WSU licenses the patent for Dihexa
 23 to Athira; that in December 2011 M3 (since renamed as Athira) entered into an exclusive licensing
 24 agreement with Washington State University Research Fund ("WSURF"); and that Athira is
 25 obligated to pay royalties to WSU under the terms of the exclusive licensing agreement. Dr. Kawas
 26 respectfully refers the Court to the licensing agreement for a complete and accurate recitation of

1 its contents. Except as specifically admitted herein, Dr. Kawas denies the allegations in paragraph
2 31.

3 32. In answer to paragraph 32 of the Complaint, Dr. Kawas admits that M3 (now known
4 as Athira) entered into an exclusive licensing agreement with WSURF and its successor, WSU,
5 related to the patent for Dihexa; and that M3/Athira and Dr. Kawas performed and oversaw years
6 of research and development related to Dihexa and later ATH-1017, a prodrug that M3/Athira
7 developed for the administration of Dihexa. Except as specifically admitted herein, Dr. Kawas
8 denies the allegations in paragraph 32.

9 33. In answer to paragraph 33 of the Complaint, Dr. Kawas admits that as of the time
10 of Athira's IPO, there had been no peer-reviewed studies on the effects of administering ATH-
11 1017; that neither Dihexa nor ATH-1017 had obtained FDA approval; that ATH-1017 was the
12 only Athira product to undergo clinical testing as of that date; that Athira reported the results of its
13 Phase 1a and 1b clinical studies of ATH-1017 prior to the IPO; that the Phase 1a and 1b studies
14 showed that ATH-1017 was "well tolerated" by study participants with no serious adverse effects;
15 and that the Phase 1a and 1b studies involved fewer than a dozen patients with Alzheimer's
16 Disease. Except as specifically admitted herein, Dr. Kawas denies the allegations in paragraph 33.

17 **B. Kawas's Falsified Research**

18 34. In answer to paragraph 34 of the Complaint, Dr. Kawas admits that she obtained a
19 degree in Pharmacy from the University of Jordan in 2008; that she then enrolled at WSU where
20 she studied Molecular Pharmacology and Toxicology from 2008 to 2011; that her faculty advisors
21 included Professors Jay Wright and Joseph Harding; and that Professors Wright and Harding co-
22 founded M3 (which later became Athira) in 2011. Except as specifically admitted herein,
23 Dr. Kawas denies the allegations in paragraph 34.

24 35. In answer to paragraph 35 of the Complaint, Dr. Kawas admits that she earned a
25 Ph.D from WSU's Division of Pharmacology and Toxicology in 2011; and that as part of her Ph.D
26 program she conducted research and wrote a dissertation regarding her research. Dr. Kawas

1 respectfully refers the Court to her dissertation for a complete and accurate recitation of its
 2 contents. Except as specifically admitted herein, Dr. Kawas denies the allegations in paragraph
 3 35.

4 36. In answer to paragraph 36 of the Complaint, Dr. Kawas admits that Athira grew
 5 and attracted funds from outside investors during the time that she was VP, CEO and President of
 6 Athira. Except as specifically admitted herein, Dr. Kawas denies the allegations in paragraph 36.

7 37. Dr. Kawas denies the allegations in paragraph 37.

8 38. Dr. Kawas denies the allegations in paragraph 38.

9 **1. December 2011: Altered Images in Dissertation**

10 39. In answer to paragraph 39 of the Complaint, Dr. Kawas admits that her dissertation
 11 is dated December 2011 and is titled "Development of Therapeutics Targeting the Hepatocyte
 12 Growth Factor (HGF)/Met System"; that part of her research was conducted in Professor Harding's
 13 laboratory; and that Professors Harding and Wright were co-founders of M3, which later became
 14 Athira. Dr. Kawas respectfully refers the Court to her dissertation for a complete and accurate
 15 recitation of its contents. Except as specifically admitted herein, Dr. Kawas denies the allegations
 16 in paragraph 39.

17 40. Dr. Kawas denies the allegations in paragraph 40.

18 41. Dr. Kawas denies the allegations in paragraph 41.

19 **2. November 2011: Kawas Publishes Altered Research Results in *The***
 20 ***Journal of Pharmacology and Experimental Therapeutics***

21 42. In answer to paragraph 42 of the Complaint, Dr. Kawas admits that the article titled
 22 "Mimics of the Dimerization Domain of Hepatocyte Growth Factor Exhibit Anti-Met and
 23 Anticancer Activity" was published in the November 2011 issue of *The Journal of Pharmacology*
 24 *and Experimental Therapeutics*; that she was a co-author of the article together with Brent J.
 25 Yamamoto, John W. Wright and Joseph W. Harding; and that Drs. Wright and Harding were
 26 professors at WSU and co-founders of M3 (later Athira). Dr. Kawas respectfully refers the Court

1 to this article for a complete and accurate recitation of its contents. Except as specifically admitted
 2 herein, Dr. Kawas denies the allegations in paragraph 42.

3 43. Dr. Kawas admits that paragraph 43 contains excerpts from the article identified in
 4 paragraph 42. Dr. Kawas respectfully refers the Court to this article for a complete and accurate
 5 recitation of its contents. Except as specifically admitted herein, Dr. Kawas denies the allegations
 6 in paragraph 43.

7 44. In answer to paragraph 44 of the Complaint, Dr. Kawas admits that in May 2021 a
 8 user of the *PubPeer* website identified as "Actinopolyspora biskrensis" made a comment regarding
 9 the article titled "Mimics of the Dimerization Domain of Hepatocyte Growth Factor Exhibit Anti-
 10 Met and Anticancer Activity." Dr. Kawas respectfully refers the Court to the comment by
 11 "Actinopolyspora biskrensis" for a complete and accurate recitation of its contents. Except as
 12 specifically admitted herein, Dr. Kawas denies the allegations in paragraph 44.

13 45. In answer to paragraph 45 of the Complaint, Dr. Kawas admits that in June 2021 a
 14 user of the *PubPeer* website identified as "Elisabeth M Bik" made a comment regarding the article
 15 titled "Mimics of the Dimerization Domain of Hepatocyte Growth Factor Exhibit Anti-Met and
 16 Anticancer Activity." Dr. Kawas respectfully refers the Court to the comment by "Elisabeth M
 17 Bik" for a complete and accurate recitation of its contents. Except as specifically admitted herein,
 18 Dr. Kawas denies the allegations in paragraph 45.

19 46. In answer to paragraph 46 of the Complaint, Dr. Kawas admits that in June 2021 a
 20 user of the *PubPeer* website identified as "Indigofera tanganyikensis" made a comment regarding
 21 the article titled "Mimics of the Dimerization Domain of Hepatocyte Growth Factor Exhibit Anti-
 22 Met and Anticancer Activity." Dr. Kawas respectfully refers the Court to the comment by
 23 "Indigofera tanganyikensis" for a complete and accurate recitation of its contents. Except as
 24 specifically admitted herein, Dr. Kawas denies the allegations in paragraph 46.

25 47. Dr. Kawas denies the allegations in paragraph 47.
 26

48. In answer to paragraph 48 of the Complaint, Dr. Kawas states that the allegation regarding "relied on" is vague and ambiguous, and on this basis denies such allegation. Dr. Kawas respectfully refers the Court to the patents granted to WSU for a complete and accurate recitation of their contents.

49. In answer to paragraph 49 of the Complaint, Dr. Kawas admits that the September 2021 issue of *The Journal of Pharmacology and Experimental Therapeutics* contained a "notice of concern" related to the article titled "Mimics of the Dimerization Domain of Hepatocyte Growth Factor Exhibit Anti-Met and Anticancer Activity." Dr. Kawas respectfully refers the Court to this "notice of concern" for a complete and accurate recitation of its contents. Except as specifically admitted herein, Dr. Kawas denies the allegations in paragraph 49.

3. March 2012: Kawas Publishes Second Article with Altered Images

50. In answer to paragraph 50 of the Complaint, Dr. Kawas admits that the article titled "Development of Angiotensin IV Analogs as Hepatocyte Growth Factor/Met Modifiers" was published in the March 2012 issue of *The Journal of Pharmacology and Experimental Therapeutics*; that she was a co-author of the article together with Alene T. McCoy, Brent J. Yamamoto, John W. Wright and Joseph W. Harding; and that Drs. Wright and Harding were and co-founders of M3 (later Athira). Dr. Kawas respectfully refers the Court to this article for a complete and accurate recitation of its contents. Except as specifically admitted herein, Dr. Kawas denies the allegations in paragraph 50.

51. In answer to paragraph 51 of the Complaint, Dr. Kawas admits that in May 2021 a user of the *PubPeer* website identified as "Actinopolyspora biskrensis" made a comment regarding the article titled "Development of Angiotensin IV Analogs as Hepatocyte Growth Factor/Met Modifiers." Dr. Kawas respectfully refers the Court to this comment by "Actinopolyspora biskrensis" for a complete and accurate recitation of its contents. Except as specifically admitted herein, Dr. Kawas denies the allegations in paragraph 51.

52. In answer to paragraph 52 of the Complaint, Dr. Kawas states that the allegation regarding "relied on" is vague and ambiguous, and on this basis denies such allegation. Dr. Kawas respectfully refers the Court to the patents granted to WSU for a complete and accurate recitation of their contents.

53. In answer to paragraph 53 of the Complaint, Dr. Kawas admits that the September 2021 issue of *The Journal of Pharmacology and Experimental Therapeutics* contained a "notice of concern" related to the article titled "Development of Angiotensin IV Analogs as Hepatocyte Growth Factor/Met Modifiers." Dr. Kawas respectfully refers the Court to this "notice of concern" for a complete and accurate recitation of its contents. Except as specifically admitted herein, Dr. Kawas denies the allegations in paragraph 53.

4. October 2012: Kawas Publishes Third Article with Altered Images

54. In answer to paragraph 54 of the Complaint, Dr. Kawas admits that the article titled "Evaluation of Metabolically Stabilized Angiotensin IV Analogs as Pro-Cognitive/Anti-Dementia Agents" was published in the January 2013 issue of *The Journal of Pharmacology and Experimental Therapeutics*; and that she was a co-author of the article together with Alene T. McCoy, Caroline C. Benoist, John W. Wright, Jyote M. Bule-Ghogare, Mingyan Zhu, Suzanne M. Appleyard, Gary A. Wayman, and Joseph W Harding. Dr. Kawas respectfully refers the Court to this article for a complete and accurate recitation of its contents. Except as specifically admitted herein, Dr. Kawas denies the allegations in paragraph 54.

55. In answer to paragraph 55 of the Complaint, Dr. Kawas respectfully refers the Court to the article titled "Evaluation of Metabolically Stabilized Angiotensin IV Analogs as Pro-Cognitive/Anti-Dementia Agents" for a complete and accurate recitation of its contents. Dr. Kawas states that the allegation regarding "relying on" is vague and ambiguous, and on this basis denies such allegation. Dr. Kawas denies the remaining allegations in paragraph 55.

56. In answer to paragraph 56 of the Complaint, Dr. Kawas admits that since its founding as M3, Athira's goal was to develop small molecules to potentiate HGF/MET activity

1 and to restore neuronal health and stop neurodegeneration. Dr. Kawas respectfully refers the Court
 2 to the article titled "Evaluation of Metabolically Stabilized Angiotensin IV Analogs as Pro-
 3 Cognitive/Anti-Dementia Agents," which is partly quoted in paragraph 55 and referred to in
 4 paragraph 56, for a complete and accurate recitation of its contents. Except as specifically admitted
 5 herein, Dr. Kawas denies the allegations in paragraph 56.

6 57. Dr. Kawas denies the allegations in paragraph 57.

7 58. In answer to paragraph 58 of the Complaint, Dr. Kawas admits that a user of the
 8 *PubPeer* website identified as "Indigofera tanganyikensis" made a comment in June 2021
 9 regarding the article titled "Evaluation of Metabolically Stabilized Angiotensin IV Analogs as Pro-
 10 Cognitive/Anti-Dementia Agents." Dr. Kawas respectfully refers the Court to the comment by
 11 "Indigofera tanganyikensis" for a complete and accurate recitation of its contents. Except as
 12 specifically admitted herein, Dr. Kawas denies the allegations in paragraph 58.

13 59. In answer to paragraph 59 of the Complaint, Dr. Kawas admits that the September
 14 2021 issue of *The Journal of Pharmacology and Experimental Therapeutics* contained a "notice
 15 of concern" related to the article titled "Evaluation of Metabolically Stabilized Angiotensin IV
 16 Analogs as Pro-Cognitive/Anti-Dementia Agents." Dr. Kawas respectfully refers the Court to this
 17 "notice of concern" for a complete and accurate recitation of its contents. Except as specifically
 18 admitted herein, Dr. Kawas denies the allegations in paragraph 59.

19 **5. April 2013: Kawas Publishes Fourth Article with Altered Images**

20 60. In answer to paragraph 60 of the Complaint, Dr. Kawas admits that the article titled
 21 "Nanoscale Mapping of the Met Receptor on Hippocampal Neurons by AFM and Confocal
 22 Microscopy" was published in the April 2013 issue of *Nanomedicine*; and that she was a co-author
 23 of the article together with Caroline C. Benoist, Joseph W. Harding, Gary A. Wayman, and Nehal
 24 I. Abu-Lail. Dr. Kawas respectfully refers the Court to this article for a complete and accurate
 25 recitation of its contents. Except as specifically admitted herein, Dr. Kawas denies the allegations
 26 in paragraph 60.

61. Dr. Kawas admits that paragraph 61 contains excerpts from the article titled "Nanoscale Mapping of the Met Receptor on Hippocampal Neurons by AFM and Confocal Microscopy." Dr. Kawas respectfully refers the Court to this article for a complete and accurate recitation of its contents. Except as specifically admitted herein, Dr. Kawas denies the allegations in paragraph 61.

62. In answer to paragraph 62 of the Complaint, Dr. Kawas admits that a user of the *PubPeer* website identified as "Peer 1" made a comment in June 2016 regarding the article titled "Nanoscale Mapping of the Met Receptor on Hippocampal Neurons by AFM and Confocal Microscopy." Dr. Kawas respectfully refers the Court to this comment by "Peer 1" for a complete and accurate recitation of its contents. Except as specifically admitted herein, Dr. Kawas denies the allegations in paragraph 62.

63. In answer to paragraph 63 of the Complaint, Dr. Kawas admits that a user of the *PubPeer* website identified as "Actinopolyspora biskrensis" made a comment in May 2021 regarding the article titled "Nanoscale Mapping of the Met Receptor on Hippocampal Neurons by AFM and Confocal Microscopy." Dr. Kawas respectfully refers the Court to this comment by "Actinopolyspora biskrensis" for a complete and accurate recitation of its contents. Dr. Kawas further states that she lacks knowledge or information sufficient to admit or deny the allegation that the comment by "Peer 1" described in paragraph 62 "went unnoticed for several years," and on that basis denies such allegation. Except as specifically admitted herein, Dr. Kawas denies the remaining allegations in paragraph 63.

64. In answer to paragraph 64 of the Complaint, Dr. Kawas admits that a user of the *PubPeer* website identified as "Indigofera Tanganyikensis" made a comment in June 2021 regarding the article titled "Nanoscale Mapping of the Met Receptor on Hippocampal Neurons by AFM and Confocal Microscopy." Dr. Kawas respectfully refers the Court to this comment by "Indigofera Tanganyikensis" for a complete and accurate recitation of its contents. Except as specifically admitted herein, Dr. Kawas denies the allegations in paragraph 64.

65. In answer to paragraph 65 of the Complaint, Dr. Kawas respectfully refers the Court to the *PubPeer* users' comments identified in paragraphs 62, 63 and 64 for a complete and accurate recitation of their contents. Dr. Kawas denies the remaining allegations in paragraph 65.

6. November 2014: Kawas Publishes Fifth Article with Altered Images

66. In answer to paragraph 66 of the Complaint, Dr. Kawas admits that the article titled "The Procognitive and Synaptogenic Effects of Angiotensin IV–Derived Peptides Are Dependent on Activation of the Hepatocyte Growth Factor/c-Met System" was published in the November 2014 issue of *The Journal of Pharmacology and Experimental Therapeutics*; and that she was a co-author of the article together with Caroline C. Benoist, Mingyan Zhu, Katherine A. Tyson, Lori Stillmaker, Suzanne M. Appleyard, John W. Wright, Gary A. Wayman and Joseph W. Harding. Dr. Kawas respectfully refers the Court to this article for a complete and accurate recitation of its contents. Dr. Kawas further states that the allegation regarding "built on and relied on" in paragraph 66 is vague and ambiguous, and on this basis denies such allegation. Except as specifically admitted herein, Dr. Kawas denies the allegations in paragraph 66.

67. Dr. Kawas admits that paragraph 67 contains excerpts from the article titled "The Procognitive and Synaptogenic Effects of Angiotensin IV–Derived Peptides Are Dependent on Activation of the Hepatocyte Growth Factor/c-Met System." Dr. Kawas respectfully refers the Court to this article for a complete and accurate recitation of its contents. Except as specifically admitted herein, Dr. Kawas denies the allegations in paragraph 67.

68. In answer to paragraph 68 of the Complaint, Dr. Kawas admits that an unidentified user of the *PubPeer* website made a comment in October 2014 regarding the article titled "The Procognitive and Synaptogenic Effects of Angiotensin IV–Derived Peptides Are Dependent on Activation of the Hepatocyte Growth Factor/c-Met System". Dr. Kawas respectfully refers the Court to the unidentified *PubPeer* user's comment for a complete and accurate recitation of its contents. Dr. Kawas denies that she received a request from the contributor to provide the original images or that she failed to respond to any such request. Dr. Kawas further states that she lacks

1 knowledge or information sufficient to admit or deny whether the other authors of "The
 2 Procognitive and Synaptogenic Effects of Angiotensin IV–Derived Peptides Are Dependent on
 3 Activation of the Hepatocyte Growth Factor/c-Met System" received requests for or provided
 4 original images to the unidentified *PubPeer* user, and on that basis denies such allegations. Except
 5 as specifically admitted herein, Dr. Kawas denies the allegations in paragraph 68.

6 69. In answer to paragraph 69 of the Complaint, Dr. Kawas admits that in June 2016 a
 7 user of the *PubPeer* website made a comment regarding the article titled "The Procognitive and
 8 Synaptogenic Effects of Angiotensin IV–Derived Peptides Are Dependent on Activation of the
 9 Hepatocyte Growth Factor/c-Met System." Dr. Kawas respectfully refers the Court to this
 10 comment for a complete and accurate recitation of its contents. Except as specifically admitted
 11 herein, Dr. Kawas denies the allegations in paragraph 69.

12 70. In answer to paragraph 70 of the Complaint, Dr. Kawas admits that in June 2016 a
 13 user of the *PubPeer* website made a comment regarding the article titled "The Procognitive and
 14 Synaptogenic Effects of Angiotensin IV–Derived Peptides Are Dependent on Activation of the
 15 Hepatocyte Growth Factor/c-Met System." Dr. Kawas respectfully refers the Court to this
 16 comment for a complete and accurate recitation of its contents. Except as specifically admitted
 17 herein, Dr. Kawas denies the allegations in paragraph 70.

18 71. In answer to paragraph 71 of the Complaint, Dr. Kawas admits that in May 2021 a
 19 user of the *PubPeer* website identified as "Actinopolyspora biskrensis" made a comment regarding
 20 the article titled "The Procognitive and Synaptogenic Effects of Angiotensin IV–Derived Peptides
 21 Are Dependent on Activation of the Hepatocyte Growth Factor/c-Met System." Dr. Kawas
 22 respectfully refers the Court to this comment by "Actinopolyspora biskrensis" for a complete and
 23 accurate recitation of its contents. Dr. Kawas denies that she received an email notification from
 24 "Actinopolyspora biskrensis" by at least May 2021. Dr. Kawas lacks knowledge or information
 25 sufficient to admit or deny the allegations that other co-authors of "The Procognitive and
 26 Synaptogenic Effects of Angiotensin IV–Derived Peptides Are Dependent on Activation of the

1 Hepatocyte Growth Factor/c-Met System" received such email notification and, on that basis,
 2 denies those allegations. Except as specifically admitted herein, Dr. Kawas denies the allegations
 3 in paragraph 71.

4 72. In answer to paragraph 72 of the Complaint, Dr. Kawas admits that in June 2021 a
 5 user of the *PubPeer* website identified as "Elisabeth M. Bik" made a comment regarding the article
 6 titled "The Procognitive and Synaptogenic Effects of Angiotensin IV–Derived Peptides Are
 7 Dependent on Activation of the Hepatocyte Growth Factor/c-Met System." Dr. Kawas
 8 respectfully refers the Court to this comment by "Elisabeth M. Bik" for a complete and accurate
 9 recitation of its contents. Except as specifically admitted herein, Dr. Kawas denies the allegations
 10 in paragraph 72.

11 73. In answer to paragraph 73 of the Complaint, Dr. Kawas admits that the September
 12 2021 issue of *The Journal of Pharmacology and Experimental Therapeutics* contained a "notice
 13 of concern" related to the article titled "The Procognitive and Synaptogenic Effects of Angiotensin
 14 IV–Derived Peptides Are Dependent on Activation of the Hepatocyte Growth Factor/c-Met
 15 System." Dr. Kawas respectfully refers the Court to this "notice of concern" for a complete and
 16 accurate recitation of its contents. Except as specifically admitted herein, Dr. Kawas denies the
 17 allegations in paragraph 73.

18 **7. January 2015: Kawas Publishes Sixth Article with Altered Images**

19 74. In answer to paragraph 74 of the Complaint, Dr. Kawas admits that the article titled
 20 "Hepatocyte Growth Factor Mimetic Protects Lateral Line Hair Cells from Aminoglycoside
 21 Exposure" was published in the January 2015 issue of *Frontiers in Cellular Neuroscience*; and
 22 that she was a co-author of the article together with Phil Uribe, Joseph W. Harding and Allison B.
 23 Coffin. Dr. Kawas respectfully refers the Court to this article for a complete and accurate recitation
 24 of its contents. Dr. Kawas further states that the allegation regarding "built on and relied on" in
 25 paragraph 74 is vague and ambiguous, and on this basis denies such allegation. Except as
 26 specifically admitted herein, Dr. Kawas denies the allegations in paragraph 74.

75. In answer to paragraph 75 of the Complaint, Dr. Kawas admits that the referenced "research study" is the article titled "Hepatocyte Growth Factor Mimetic Protects Lateral Line Hair Cells from Aminoglycoside Exposure." Dr. Kawas respectfully refers the Court to this article for a complete and accurate recitation of its contents. Dr. Kawas states that the allegation regarding "relying on" in paragraph 75 is vague and ambiguous, and on this basis denies such allegation. Except as specifically admitted herein, Dr. Kawas denies the allegations in paragraph 75.

76. Dr. Kawas admits that paragraph 76 contains excerpts from the article titled "Hepatocyte Growth Factor Mimetic Protects Lateral Line Hair Cells from Aminoglycoside Exposure." Dr. Kawas respectfully refers the Court to this article for a complete and accurate recitation of its contents. Except as expressly admitted herein, Dr. Kawas denies the allegations in paragraph 76.

77. In answer to paragraph 77 of the Complaint, Dr. Kawas admits that a user of the *PubPeer* website identified as "Indigofera Tanganyikensis" made a comment in June 2021 regarding the article titled "Hepatocyte Growth Factor Mimetic Protects Lateral Line Hair Cells from Aminoglycoside Exposure." Dr. Kawas respectfully refers the Court to this comment by "Indigofera Tanganyikensis" for a complete and accurate recitation of its contents. Except as specifically admitted herein, Dr. Kawas denies the allegations in paragraph 77.

C. Athira Leveraged Kawas's Altered Research to Obtain Patents and Licensing Agreements

78. In answer to paragraph 78 of the Complaint, Dr. Kawas admits that in December 2011 M3 (subsequently renamed "Athira") entered into an exclusive licensing agreement with Washington State University Research Fund. Dr. Kawas respectfully refers the Court to the licensing agreement for a complete and accurate recitation of its contents. Except as specifically admitted herein, Dr. Kawas denies the allegations in paragraph 78.

79. In answer to paragraph 79 of the Complaint, Dr. Kawas admits that in December 2013, WSU was granted Patent No. 8,598,118 for "Hepatocyte Growth Factor Mimics as

1 Therapeutic Agents"; and that paragraph 79 contains excerpts from that patent. Dr. Kawas
 2 respectfully refers the Court to Patent No. 8,598,118 for a complete and accurate recitation of its
 3 contents. Except as specifically admitted herein, Dr. Kawas denies the allegations in paragraph 79.

4 80. In answer to paragraph 80 of the Complaint, Dr. Kawas admits that in June 2015,
 5 WSU was granted Patent No. 9,051,351; and that paragraph 80 contains excerpts from Patent
 6 No. 9,051,351. Dr. Kawas respectfully refers the Court to Patent No. 9,051,351 for a complete
 7 and accurate recitation of its contents. Except as specifically admitted herein, Dr. Kawas denies
 8 the allegations in paragraph 80.

9 81. In answer to paragraph 81 of the Complaint, Dr. Kawas admits that Athira filed an
 10 application for a provisional patent for ATH-1017 in June 2016. Except as specifically admitted
 11 herein, Dr. Kawas denies the allegations in paragraph 81.

12 82. In answer to paragraph 82 of the Complaint, Dr. Kawas admits that Athira was
 13 granted Patent No. 11,021,514 in June 2021; and that paragraph 82 contains excerpts from Patent
 14 No. 11,021,514. Dr. Kawas respectfully refers the Court to Patent No. 11,021,514 for a complete
 15 and accurate recitation of its contents. Dr. Kawas further states that paragraph 82 purports to quote
 16 from an unidentified document, which document speaks for itself; moreover, because that
 17 document has not been identified, Dr. Kawas lacks knowledge or information sufficient to admit
 18 or deny either the accuracy of the quotation or the substance of the quoted material. Except as
 19 specifically admitted herein, Dr. Kawas denies the allegations in paragraph 82.

20 83. In answer to paragraph 83 of the Complaint, Dr. Kawas admits that she submitted
 21 a declaration, under penalty of perjury, in connection with Athira's nonprovisional patent
 22 applications submitted to the U.S. Patent and Trademark Office and identified in paragraphs 79-
 23 82 above. Dr. Kawas states that the allegation that Dr. Kawas submitted a declaration for "all of
 24 these patents" in paragraph 83 is vague and ambiguous, and on this basis denies such allegation.
 25 Dr. Kawas respectfully refers the Court to the declarations for a complete and accurate recitation
 26

1 of their contents. Except as specifically admitted herein, Dr. Kawas denies the allegations in
2 paragraph 83.

3 **D. For Years Leading up to the IPO, Athira Touted Kawas as a Qualified**
4 **Executive**

5 84. Dr. Kawas admits that paragraph 84 contains excerpts from a *WSU Insider* article.
6 Dr. Kawas respectfully refers the Court to the *WSU Insider* article for a complete and accurate
7 recitation of its contents. Except as specifically admitted herein, Dr. Kawas denies the allegations
8 in paragraph 84.

9 85. Dr. Kawas admits that paragraph 85 contains excerpts from a *Science Daily* article.
10 Dr. Kawas respectfully refers the Court to the *Science Daily* article for a complete and accurate
11 recitation of its contents. Dr. Kawas denies the remaining allegations in paragraph 85.

12 86. Dr. Kawas admits that paragraph 86 contains excerpts from a *GeekWire* article.
13 Dr. Kawas respectfully refers the Court to the *GeekWire* article for a complete and accurate
14 recitation of its contents. Dr. Kawas denies the remaining allegations in paragraph 86.

15 87. In answer to paragraph 87 of the Complaint, Dr. Kawas admits that Athira closed
16 an \$85 million financing round in June 2020; that in connection with the closing of this financing
17 round, Athira issued a press release; and that paragraph 87 contains excerpts from the referenced
18 press release. Dr. Kawas respectfully refers the Court to this press release for a complete and
19 accurate recitation of its contents. Except as specifically admitted herein, Dr. Kawas denies the
20 allegations in paragraph 87.

21 88. Dr. Kawas admits that paragraph 88 contains excerpts from a *WSU Innovators*
22 article. Dr. Kawas respectfully refers the Court to the *WSU Innovators* article for a complete and
23 accurate recitation of its contents. Dr. Kawas denies the remaining allegations in paragraph 88.

E. Athira's Public Offerings

1. The IPO

89. In answer to paragraph 89 of the Complaint, Dr. Kawas admits that in September 2020 Athira closed an initial public offering in which it sold 12 million shares of its common stock at the offering price of \$17 per share; that the IPO resulted in proceeds to Athira of \$189,720,000 after deducting underwriting discounts and commissions of \$14,280,000, and before deducting offering expenses; and that in October 2020, Athira sold an additional 1,397,712 shares of common stock to the underwriters of the IPO upon partial exercise of the underwriters' option to purchase additional shares at the initial public offering price, resulting in gross proceeds of approximately \$23.8 million before deducting underwriting discounts and commissions and estimated offering expenses.. Dr. Kawas lacks knowledge or information sufficient to admit or deny the remaining allegations in paragraph 89, and on that basis denies such allegations. Except as specifically admitted herein, Dr. Kawas denies the allegations in paragraph 89.

2. The SPO

90. In answer to paragraph 90 of the Complaint, Dr. Kawas admits that in relation to a secondary public offering of securities, Athira filed a draft Registration Statement on Form S-1 with the SEC on January 6, 2021; that the draft Registration Statement was subsequently amended; that the SEC declared the Registration Statement effective; that Athira filed a Prospectus with the SEC pursuant to Rule 424(b)(4) on January 21, 2021; and that Athira sold 4 million shares of the Company's common stock in the offering, priced at \$22.50 per share, for gross proceeds of \$90 million, not including additional proceeds to be obtained from the underwriters' option to purchase an additional 600,000 shares of common stock at the public offering price of \$22.50 per share, less underwriting discounts and commissions. Except as specifically admitted herein, Dr. Kawas denies the allegations in paragraph 90.

F. Defendants Reveal the Truth About Kawas

91. In answer to paragraph 91 of the Complaint, Dr. Kawas admits that on June 17, 2021, Athira issued a press release that Plaintiffs purport to quote in part in paragraph 91. Dr. Kawas respectfully refers the Court to this press release for a complete and accurate recitation of its contents. Except as specifically admitted herein, Dr. Kawas denies the allegations in paragraph 91.

92. In answer to paragraph 92 of the Complaint, Dr. Kawas admits that on June 17, 2021, *STAT News* published an article titled "Athira Pharma CEO placed on leave amid allegations of altered images in her research papers," which Plaintiffs purport to quote in part in paragraph 92. Dr. Kawas respectfully refers the Court to the *STAT News* article for a complete and accurate recitation of its contents. Except as specifically admitted herein, Dr. Kawas denies the allegations in paragraph 92.

93. Dr. Kawas admits that in paragraph 93 Plaintiffs purport to quote in part from an article published in *STAT News* on June 17, 2021. Dr. Kawas respectfully refers the Court to the *STAT News* article for a complete and accurate recitation of its contents. Except as specifically admitted herein, Dr. Kawas denies the allegations in paragraph 93.

94. Dr. Kawas admits that in paragraph 94 Plaintiffs purport to quote in part from an article published in *STAT News* on June 17, 2021. Dr. Kawas respectfully refers the Court to the *STAT News* article for a complete and accurate recitation of its contents. Except as specifically admitted herein, Dr. Kawas denies the allegations in paragraph 94.

95. Dr. Kawas lacks knowledge or information sufficient to admit or deny the allegations in paragraph 95, and on that basis denies each such allegation. If and to the extent Paul Matteis did write the note referenced in paragraph 95, Dr. Kawas respectfully refers the Court to that note for a complete and accurate recitation of its contents. Dr. Kawas denies the remaining allegations in paragraph 95.

1 96. In answer to paragraph 96 of the Complaint, Dr. Kawas admits that the price of
2 Athira's common stock closed at \$11.15 per share on June 18, 2021. Dr. Kawas lacks knowledge
3 or information sufficient to admit or deny the remaining allegations in paragraph 96, and on that
4 basis denies each such allegation.

5 **G. Post-Class Period Developments: The Special Committee's Findings Are**
6 **Demonstrably False**

7 97. In answer to paragraph 97 of the Complaint, Dr. Kawas admits that in June 2021
8 she was placed on temporary leave from her positions as Athira's President and CEO; that Athira's
9 board of directors appointed a special committee to investigate allegations regarding Dr. Kawas's
10 doctoral research while a graduate student at WSU; and that on October 21, 2021, Athira issued a
11 press release, which Plaintiffs purport to quote in part, that described the results of the special
12 committee's investigation. Dr. Kawas respectfully refers the Court to Athira's press release for a
13 complete and accurate recitation of its contents. Except as specifically admitted herein, Dr. Kawas
14 denies the allegations in paragraph 97.

15 98. In answer to paragraph 98 of the Complaint, Dr. Kawas admits that on or about
16 October 18, 2021, she resigned as President, CEO and a director of Athira and subsequently wrote
17 a letter to Athira employees, which Plaintiffs purport to quote in part in paragraph 98. Dr. Kawas
18 respectfully refers the Court to her letter to Athira employees for a complete and accurate recitation
19 of its contents. Except as specifically admitted herein, Dr. Kawas denies the allegations in
20 paragraph 98.

21 99. Dr. Kawas admits that paragraph 99 purports to quote from an unidentified
22 document; because that document has not been identified, Dr. Kawas lacks knowledge or
23 information sufficient to admit or deny either the accuracy of the quotation or the substance of the
24 quoted material. Except as specifically admitted herein, Dr. Kawas denies the allegations in
25 paragraph 99.
26

1 100. In answer to paragraph 100 of the Complaint, Dr. Kawas respectfully refers the
2 Court to Athira's patent applications for a complete and accurate recitation of their contents.
3 Dr. Kawas denies the remaining allegations in paragraph 100.

4 101. In answer to paragraph 101 of the Complaint, Dr. Kawas respectfully refers the
5 Court to Patent No. 8,598,118 for a complete and accurate recitation of its contents. Dr. Kawas
6 denies the remaining allegations in paragraph 101.

7 102. In answer to paragraph 102 of the Complaint, Dr. Kawas respectfully refers the
8 Court to Patent No. 9,066,901 for a complete and accurate recitation of its contents. Dr. Kawas
9 denies the remaining allegations in paragraph 102.

10 103. In answer to paragraph 103 of the Complaint, Dr. Kawas respectfully refers the
11 Court to Patent No. 9,150,613 for a complete and accurate recitation of its contents. Dr. Kawas
12 denies the remaining allegations in paragraph 103.

13 104. In answer to paragraph 104 of the Complaint, Dr. Kawas respectfully refers the
14 Court to Patent No. 9,475,854 for a complete and accurate recitation of its contents. Dr. Kawas
15 denies the remaining allegations in paragraph 104.

16 105. In answer to paragraph 105 of the Complaint, Dr. Kawas respectfully refers the
17 Court to Patent No. 11,021,514 for a complete and accurate recitation of its contents. Dr. Kawas
18 denies the remaining allegations in paragraph 105.

19 106. The allegations in paragraph 106 regarding enforceability of patents are allegations
20 of law to which no response is required; however, to the extent a response may be required,
21 Dr. Kawas denies these allegations. Dr. Kawas denies the remaining allegations in paragraph 106.

22 107. The allegations in paragraph 107 regarding enforceability and value of patents are
23 allegations of law to which no response is required; however, to the extent a response may be
24 required, Dr. Kawas denies these allegations. Dr. Kawas denies the remaining allegations in
25 paragraph 107.

H. Additional Scienter Allegations

108. The only claims remaining in this action do not require proof of scienter; therefore, the scienter allegations in paragraph 108 are not relevant to Plaintiffs' claims, and no answer to those allegations is required. Nevertheless, to the extent an answer may be required, Dr. Kawas denies the allegations in paragraph 108.

I. Defendants' Materially False and Misleading Statements and Omissions During the Class Period

109. The allegations of paragraph 109 pertain exclusively to claims that have been dismissed; therefore, no answer to those allegations is required. Nevertheless, to the extent an answer may be required, Dr. Kawas denies the allegations in paragraph 109.

1. The IPO Materials

110. In paragraph 110, Plaintiffs purport to quote in part from the IPO Materials. Dr. Kawas respectfully refers the Court to the IPO Materials for a complete and accurate recitation of their contents. Dr. Kawas denies the remaining allegations in paragraph 110, and further states that the Court dismissed Plaintiffs' challenge to the statement quoted in paragraph 110 as to all Defendants, including Dr. Kawas, holding that it was not false or misleading.

111. In paragraph 111, Plaintiffs purport to quote in part from the IPO Materials. Dr. Kawas respectfully refers the Court to the IPO Materials for a complete and accurate recitation of their contents. Dr. Kawas denies the remaining allegations in paragraph 111, and further states that the Court dismissed Plaintiffs' challenge to the statement quoted in paragraph 111 as to all Defendants, including Dr. Kawas, holding that it was not false or misleading.

112. Dr. Kawas denies the allegations in paragraph 112.

113. In paragraph 113, Plaintiffs purport to quote in part from the IPO Materials. Dr. Kawas respectfully refers the Court to the IPO Materials for a complete and accurate recitation of their contents. Dr. Kawas denies the remaining allegations in paragraph 113.

114. Dr. Kawas denies the allegations in paragraph 114.

115. The allegations in paragraph 115 are primarily allegations of law to which no response is required; however, to the extent a response to those allegations may be required, Dr. Kawas denies the allegations. Dr. Kawas denies the remaining allegations in paragraph 115.

2. November 2020 10-Q

116. In answer to paragraph 116 of the Complaint, Dr. Kawas admits that Athira filed its Form 10-Q for the quarterly period ended September 30, 2020, on November 12, 2020. Dr. Kawas respectfully refers the Court to Athira's Form 10-Q for a complete and accurate recitation of its contents.

117. In paragraph 117, Plaintiffs purport to quote in part from Athira's Form 10-Q for the quarterly period ended September 30, 2020. Dr. Kawas respectfully refers the Court to Athira's Form 10-Q for a complete and accurate recitation of its contents.

118. Dr. Kawas denies the allegations in paragraph 118.

3. The SPO Materials

119. In answer to paragraph 119 of the Complaint, Dr. Kawas admits that Athira filed a draft Registration Statement on Form S-1 with the SEC on January 6, 2021; that the draft Registration Statement was subsequently amended; that the SEC declared the Registration Statement effective; that Athira filed a Prospectus with the SEC pursuant to Rule 424(b)(4); and that Athira offered 4 million shares of common stock in the secondary offering, priced at \$22.50 per share for gross proceeds of \$90 million, not including additional proceeds to be obtained from the underwriters' option to purchase an additional 600,000 shares of common stock at the public offering price of \$22.50 per share, less underwriting discounts and commissions. Except as specifically admitted herein, Dr. Kawas denies the allegations in paragraph 119.

120. In answer to paragraph 120 of the Complaint, Dr. Kawas admits that the SPO Materials repeated some statements that had been made in the IPO Materials, but denies that the SPO Materials repeated verbatim all statements in the IPO Materials. Dr. Kawas respectfully refers the Court to the IPO Materials and the SPO Materials for a complete and accurate recitation

1 of their contents. Except as specifically admitted herein, Dr. Kawas denies the allegations in
 2 paragraph 120, including but not limited to the allegation that statements in the SPO Materials and
 3 IPO Materials were materially false and/or misleading by omission.

4 121. Dr. Kawas denies the allegations in paragraph 121.

5 **4. The 2020 10-K**

6 122. In answer to paragraph 122 of the Complaint, Dr. Kawas admits that Athira filed
 7 its Form 10-K for the fiscal year ended December 31, 2020, on March 25, 2021. Dr. Kawas
 8 respectfully refers the Court to Athira's Form 10-K for a complete and accurate recitation of its
 9 contents.

10 123. In paragraph 123, Plaintiffs purport to quote in part from Athira's Form 10-K for
 11 the fiscal year ended December 31, 2020. Dr. Kawas respectfully refers the Court to the Form
 12 10-K for a complete and accurate recitation of its contents. Dr. Kawas further states that the Court
 13 dismissed Plaintiffs' challenge to the statement quoted in paragraph 123 as to all Defendants,
 14 including Dr. Kawas, holding that it was not false or misleading

15 124. In paragraph 124, Plaintiffs purport to characterize the statement from Athira's
 16 Form 10-K that is partly quoted in paragraph 123. Dr. Kawas respectfully refers the Court to the
 17 Form 10-K for a complete and accurate recitation of its contents. Dr. Kawas denies the remaining
 18 allegations in paragraph 124, and further states that the Court dismissed Plaintiffs' challenge to the
 19 statement quoted in paragraph 123 (and referenced in paragraph 124) as to all Defendants,
 20 including Dr. Kawas, holding that it was not false or misleading.

21 125. In paragraph 125, Plaintiffs purport to quote in part from Athira's Form 10-K for
 22 the fiscal year ended December 31, 2020. Dr. Kawas respectfully refers the Court to the Form
 23 10-K for a complete and accurate recitation of its contents. Dr. Kawas further states that the Court
 24 dismissed Plaintiffs' challenge to the statement quoted in paragraph 125 as to all Defendants,
 25 including Dr. Kawas, holding that it was not false or misleading

1 126. Dr. Kawas denies the allegations in paragraph 126, and further states that the Court
2 dismissed Plaintiffs' challenge to the statement quoted in paragraph 125 (and referenced in
3 paragraph 126) as to all Defendants, including Dr. Kawas, holding that it was not false or
4 misleading.

5 **5. April 2021 Schedule 14-A**

6 127. In answer to paragraph 127 of the Complaint, Dr. Kawas admits that Athira held a
7 proxy vote in May 2021 in connection with which the Athira board of directors recommended that
8 shareholders elect Dr. Kawas to the board. Except as specifically admitted herein, Dr. Kawas
9 denies the allegations in paragraph 127.

10 128. In answer to paragraph 128 of the Complaint, Dr. Kawas admits that Athira filed a
11 Schedule 14-A with the SEC on April 16, 2021, in connection with the proxy vote referenced in
12 paragraph 127; and that Plaintiffs purport to quote from this Schedule 14-A in paragraph 128.
13 Dr. Kawas respectfully refers the Court to the Schedule 14-A for a complete and accurate recitation
14 of its contents. Except as specifically admitted herein, Dr. Kawas denies the allegations in
15 paragraph 128, and further states that the Court dismissed Plaintiffs' challenge to the statement
16 quoted in paragraph 128 as to all Defendants, including Dr. Kawas, holding that it was not false
17 or misleading.

18 129. In answer to paragraph 129 of the Complaint, Dr. Kawas admits that Athira filed a
19 Schedule 14-A with the SEC on April 16, 2021, in connection with the proxy vote referenced in
20 paragraph 127; and that Plaintiffs purport to quote from this Schedule 14-A in paragraph 129.
21 Dr. Kawas respectfully refers the Court to the Schedule 14-A for a complete and accurate recitation
22 of its contents. Except as specifically admitted herein, Dr. Kawas denies the allegations in
23 paragraph 129, and further states that the Court dismissed Plaintiffs' challenge to the statement
24 quoted in paragraph 129 as to all Defendants, including Dr. Kawas, holding that it was not false
25 or misleading.

1 130. Dr. Kawas denies the allegations in paragraph 130, and further states that the Court
2 dismissed Plaintiffs' challenge to the statements quoted in paragraphs 128 and 129 (and referenced
3 in paragraph 130) as to all Defendants, including Dr. Kawas, holding that it was not false or
4 misleading.

5 **6. May 2021 10-Q**

6 131. In answer to paragraph 130 of the Complaint, Dr. Kawas admits that Athira filed
7 its Form 10-Q for the quarterly period ended March 31, 2021, on May 13, 2021. Dr. Kawas
8 respectfully refers the Court to the Form 10-Q for a complete and accurate recitation of its contents.

9 132. In paragraph 132, Plaintiffs purport to quote in part from Athira's Form 10-Q for
10 the quarterly period ended March 31, 2021. Dr. Kawas respectfully refers the Court to the Form
11 10-Q for a complete and accurate recitation of its contents. Dr. Kawas denies the remaining
12 allegations in paragraph 132, and in particular that any portion of the quoted statement contains
13 false or misleading statements or omissions regarding the potential benefits of the ATH platform.
14 Dr. Kawas further states that the Court dismissed Plaintiffs' challenge to the statement quoted in
15 paragraph 132 as to all Defendants, including Dr. Kawas, holding that it was not false or
16 misleading

17 133. Dr. Kawas denies the allegations in paragraph 133, and further states that the Court
18 dismissed Plaintiffs' challenge to the statement quoted in paragraph 132 (and referenced in
19 paragraph 133) as to all Defendants, including Dr. Kawas, holding that it was not false or
20 misleading.

21 134. In paragraph 134, Plaintiffs purport to quote in part from Athira's Form 10-Q for
22 the quarterly period ended March 31, 2021. Dr. Kawas respectfully refers the Court to Athira's
23 Form 10-Q for a complete and accurate recitation of its contents. Dr. Kawas further states that the
24 Court dismissed Plaintiffs' challenge to the statement quoted in paragraph 134 as to all Defendants,
25 including Dr. Kawas, holding that it was not false or misleading
26

1 135. Dr. Kawas denies the allegations in paragraph 135, and further states that the Court
2 dismissed Plaintiffs' challenge to the statement quoted in paragraph 134 (and referenced in
3 paragraph 135) as to all Defendants, including Dr. Kawas, holding that it was not false or
4 misleading.

5 **V. LOSS CAUSATION**

6 136. Loss causation is not an element of the claims remaining in this action.
7 Accordingly, the allegations in paragraph 136 are not relevant to this action and there is no
8 requirement to answer them. To the extent there may nevertheless be an obligation to answer the
9 allegations in paragraph 136, Dr. Kawas denies each such allegation.

10 137. Loss causation is not an element of the claims remaining in this action.
11 Accordingly, the allegations in paragraph 137 are not relevant to this action and there is no
12 requirement to answer them. To the extent there may nevertheless be an obligation to answer the
13 allegations in paragraph 137, Dr. Kawas denies each such allegation.

14 138. Loss causation is not an element of the claims remaining in this action.
15 Accordingly, the allegations in paragraph 138 are not relevant to this action and there is no
16 requirement to answer them. To the extent there may nevertheless be an obligation to answer the
17 allegations in paragraph 138, Dr. Kawas denies each such allegation.

18 139. Loss causation is not an element of the claims remaining in this action.
19 Accordingly, the allegations in paragraph 139 are not relevant to this action and there is no
20 requirement to answer them. To the extent there may nevertheless be an obligation to answer the
21 allegations in paragraph 139, Dr. Kawas denies each such allegation.

22 140. Loss causation is not an element of the claims remaining in this action.
23 Accordingly, the allegations in paragraph 140 are not relevant to this action and there is no
24 requirement to answer them. To the extent there may nevertheless be an obligation to answer the
25 allegations in paragraph 140, Dr. Kawas denies each such allegation.

VI. APPLICATION OF PRESUMPTION OF RELIANCE

141. Reliance is not an element of the claims remaining in this action. Accordingly, the allegations in paragraph 141 are not relevant to this action and there is no requirement to answer them. Dr. Kawas further states that the allegations in paragraph 141 regarding a presumption of reliance are allegations of law to which no response is required. To the extent there may nevertheless be an obligation to answer the allegations in paragraph 141, Dr. Kawas denies each such allegation.

142. Reliance is not an element of the claims remaining in this action. Accordingly, the allegations in paragraph 142 are not relevant to this action and there is no requirement to answer them. Dr. Kawas further states that the allegations in paragraph 142 regarding a presumption of reliance and the fraud-on-the-market theory are allegations of law to which no response is required. To the extent there may nevertheless be an obligation to answer the allegations in paragraph 142, Dr. Kawas denies each such allegation.

VII. NO SAFE HARBOR

143. The allegations in paragraph 143 regarding the PSLRA's statutory safe harbor are allegations of law to which no response is required. To the extent there may nevertheless be an obligation to answer the allegations in paragraph 143, Dr. Kawas denies each such allegation.

144. The allegations in paragraph 144 concern the PSLRA's statutory safe harbor and constitute allegations of law to which no response is required. To the extent there may nevertheless be an obligation to answer the allegations in paragraph 144, Dr. Kawas denies each such allegation.

145. The allegations in paragraph 145 concern the PSLRA's statutory safe harbor and constitute allegations of law to which no response is required. To the extent there may nevertheless be an obligation to answer the allegations in paragraph 145, Dr. Kawas denies each such allegation.

146. The allegations in paragraph 146 concern the PSLRA's statutory safe harbor and constitute allegations of law to which no response is required. To the extent there may nevertheless be an obligation to answer the allegations in paragraph 146, Dr. Kawas denies each such allegation.

COUNT I

**Against All Defendants for Violations of Section 10(b) of the
Exchange Act and Rule 10b-5 Promulgated Thereunder**

147. In answer to paragraph 147, Dr. Kawas incorporates by reference, as if fully set forth herein, her answers to paragraphs 1 through 146 above.

148. The allegations of paragraph 148 are definitional only, to which no response is required. To the extent a response may be required, Dr. Kawas denies each and every allegation in paragraph 148. Furthermore, the Court has dismissed Count I of the Complaint as to all Defendants, including Dr. Kawas. For this additional reason, Dr. Kawas has no obligation to respond to the allegations in paragraph 148.

149. The Court has dismissed Count I of the Complaint as to all Defendants, including Dr. Kawas. Therefore, Dr. Kawas has no obligation to respond to the allegations in paragraph 149. To the extent there may nevertheless be an obligation to answer the allegations in paragraph 149, Dr. Kawas denies each such allegation.

150. The Court has dismissed Count I of the Complaint as to all Defendants, including Dr. Kawas. Therefore, Dr. Kawas has no obligation to respond to the allegations in paragraph 150. To the extent there may nevertheless be an obligation to answer the allegations in paragraph 150, Dr. Kawas denies each such allegation.

151. The Court has dismissed Count I of the Complaint as to all Defendants, including Dr. Kawas. Therefore, Dr. Kawas has no obligation to respond to the allegations in paragraph 151. To the extent there may nevertheless be an obligation to answer the allegations in paragraph 151, Dr. Kawas denies each such allegation.

152. The Court has dismissed Count I of the Complaint as to all Defendants, including Dr. Kawas. Therefore, Dr. Kawas has no obligation to respond to the allegations in paragraph 152. To the extent there may nevertheless be an obligation to answer the allegations in paragraph 152, Dr. Kawas denies each such allegation.

153. The Court has dismissed Count I of the Complaint as to all Defendants, including Dr. Kawas. Therefore, Dr. Kawas has no obligation to respond to the allegations in paragraph 153. In addition, the allegations regarding duty are allegations of law to which no response is required. To the extent there may nevertheless be an obligation to answer the allegations in paragraph 153, Dr. Kawas denies each such allegation.

154. The Court has dismissed Count I of the Complaint as to all Defendants, including Dr. Kawas. Therefore, Dr. Kawas has no obligation to respond to the allegations in paragraph 154. In addition, the allegations regarding whether Athira securities were traded on an active and efficient market are allegations of law to which no response is required. To the extent there may nevertheless be an obligation to answer the allegations in paragraph 154, Dr. Kawas denies each such allegation.

155. The Court has dismissed Count I of the Complaint as to all Defendants, including Dr. Kawas. Therefore, Dr. Kawas has no obligation to respond to the allegations in paragraph 155. To the extent there may nevertheless be an obligation to answer the allegations in paragraph 155, Dr. Kawas denies each such allegation.

156. The Court has dismissed Count I of the Complaint as to all Defendants, including Dr. Kawas. Therefore, Dr. Kawas has no obligation to respond to the allegations in paragraph 156. To the extent there may nevertheless be an obligation to answer the allegations in paragraph 156, Dr. Kawas denies each such allegation.

COUNT II
Against the Individual Defendants for Violations of
Section 20(a) of the Exchange Act

157. In answer to paragraph 157, Dr. Kawas incorporates by reference, as if fully set forth herein, her answers to paragraphs 1 through 156 above.

158. The Court has dismissed Count II of the Complaint as to all Defendants, including Dr. Kawas. Therefore, Dr. Kawas has no obligation to respond to the allegations in paragraph 158.

1 To the extent there may nevertheless be an obligation to answer the allegations in paragraph 158,
2 Dr. Kawas denies each such allegation.

3 159. The Court has dismissed Count II of the Complaint as to all Defendants, including
4 Dr. Kawas. Therefore, Dr. Kawas has no obligation to respond to the allegations in paragraph 159.
5 In addition, the allegations regarding duty are allegations of law to which no response is required.
6 To the extent there may nevertheless be an obligation to answer the allegations in paragraph 159,
7 Dr. Kawas denies each such allegation.

8 160. The Court has dismissed Count II of the Complaint as to all Defendants, including
9 Dr. Kawas. Therefore, Dr. Kawas has no obligation to respond to the allegations in paragraph 160.
10 In addition, the allegations regarding "controlling persons" are allegations of law to which no
11 response is required. To the extent there may nevertheless be an obligation to answer the
12 allegations in paragraph 160, Dr. Kawas denies each such allegation.

13 161. The Court has dismissed Count II of the Complaint as to all Defendants, including
14 Dr. Kawas. Therefore, Dr. Kawas has no obligation to respond to the allegations in paragraph 161.
15 In addition, the allegations regarding "controlling persons" are allegations of law to which no
16 response is required. To the extent there may nevertheless be an obligation to answer the
17 allegations in paragraph 161, Dr. Kawas denies each such allegation.

18 162. The Court has dismissed Count II of the Complaint as to all Defendants, including
19 Dr. Kawas. Therefore, Dr. Kawas has no obligation to respond to the allegations in paragraph 162.
20 To the extent there may nevertheless be an obligation to answer the allegations in paragraph 162,
21 Dr. Kawas denies each such allegation.

22 **VIII. SECURITIES ACT CLAIMS**

23 163. The allegations in the first sentence of paragraph 163 concern the definition of the
24 purported class, to which no answer is required. The allegations in the second sentence of
25 paragraph 163 constitute Plaintiffs' characterization of their Securities Act claims, to which no
26 response is required. In addition, the allegation as to whether Plaintiffs' claims sound in fraud are

1 allegations of law to which no response is required. Dr. Kawas denies that she is liable with respect
2 to any of the Securities Act claims and, to the extent any additional answer to the allegations in
3 paragraph 163 is required, Dr. Kawas denies each such allegation.

4 164. The allegations in the first sentence of paragraph 164 constitute Plaintiffs'
5 characterization of their Securities Act claims, to which no response is required. In addition, the
6 Court has dismissed Plaintiffs' Section 12(a)(2) claim against all Defendants, including Dr. Kawas;
7 therefore, Dr. Kawas has no obligation to respond to Plaintiffs' allegations regarding the Section
8 12(a)(2) claim. To the extent the allegations in paragraph 164 are asserted against Dr. Kawas and
9 Athira under Section 11 or Section 15 of the Securities Act, Dr. Kawas denies each such allegation.

10 165. The allegations in paragraph 165 constitute Plaintiffs' characterization of their
11 Securities Act claims, to which no response is required. In addition, the Court has dismissed
12 Plaintiffs' Section 12(a)(2) claim against all Defendants, including Dr. Kawas; therefore,
13 Dr. Kawas has no obligation to respond to Plaintiffs' allegations regarding the Section 12(a)(2)
14 claim. To the extent the allegations in paragraph 165 are asserted against Dr. Kawas and Athira
15 under Section 11 or Section 15 of the Securities Act, Dr. Kawas denies each such allegation.

16 166. The allegations in paragraph 166 constitute Plaintiffs' characterization of their
17 Securities Act claims, to which no response is required. In addition, the Court has dismissed
18 Plaintiffs' Section 12(a)(2) claim against all Defendants, including Dr. Kawas; therefore,
19 Dr. Kawas has no obligation to respond to Plaintiffs' allegations regarding the Section 12(a)(2)
20 claim. To the extent the allegations in paragraph 166 are asserted against Dr. Kawas and Athira
21 under Section 11 or Section 15 of the Securities Act, Dr. Kawas denies each such allegation.

22 167. The allegations in paragraph 167 constitute Plaintiffs' characterization of their
23 Securities Act claims, to which no response is required. In addition, the allegation as to whether
24 Plaintiffs' claims sound in fraud are allegations of law to which no response is required. Dr. Kawas
25 denies that she is liable with respect to any of the Securities Act claims and, to the extent any
26

1 additional answer to the allegations in paragraph 167 is required, Dr. Kawas denies each such
2 allegation.

3 168. The Court has dismissed Plaintiffs' Section 12(a)(2) claim against all Defendants,
4 including Dr. Kawas; therefore, Dr. Kawas has no obligation to respond to Plaintiffs' allegations
5 in paragraph 168, which concern the Section 12(a)(2) claim. Furthermore, Dr. Kawas has no
6 obligation to respond to the allegations in paragraph 168 for the additional reason that paragraph
7 168 purports to allege claims against only the Underwriter Defendants. To the extent the
8 allegations in paragraph 168 are asserted against Dr. Kawas and Athira under Section 11 or Section
9 15 of the Securities Act, Dr. Kawas denies each such allegation.

10 169. The Court has dismissed Plaintiffs' Section 12(a)(2) claim against all Defendants,
11 including Dr. Kawas; therefore, Dr. Kawas has no obligation to respond to Plaintiffs' allegations
12 in paragraph 169, which concern the Section 12(a)(2) claim. Furthermore, Dr. Kawas has no
13 obligation to respond to the allegations in paragraph 169 for the additional reason that paragraph
14 169 purports to allege claims against only the Underwriter Defendants. To the extent the
15 allegations in paragraph 169 are asserted against Dr. Kawas and Athira under Section 11 or Section
16 15 of the Securities Act, Dr. Kawas denies each such allegation.

17 170. The Court has dismissed Plaintiffs' Section 12(a)(2) claim against all Defendants,
18 including Dr. Kawas; therefore, Dr. Kawas has no obligation to respond to Plaintiffs' allegations
19 in paragraph 170, which concern the Section 12(a)(2) claim. Furthermore, Dr. Kawas has no
20 obligation to respond to the allegations in paragraph 170 for the additional reason that paragraph
21 170 purports to allege claims against only the Underwriter Defendants. To the extent the
22 allegations in paragraph 170 are asserted against Dr. Kawas and Athira under Section 11 or Section
23 15 of the Securities Act, Dr. Kawas denies each such allegation.

24 171. The Court has dismissed Plaintiffs' Section 12(a)(2) claim against all Defendants,
25 including Dr. Kawas; therefore, Dr. Kawas has no obligation to respond to Plaintiffs' allegations
26 in paragraph 171, which concern the Section 12(a)(2) claim. Furthermore, Dr. Kawas has no

obligation to respond to the allegations in paragraph 171 for the additional reason that paragraph 171 purports to allege claims against only the Underwriter Defendants. To the extent the allegations in paragraph 171 are asserted against Dr. Kawas and Athira under Section 11 or Section 15 of the Securities Act, Dr. Kawas denies each such allegation.

172. The Court has dismissed Plaintiffs' Section 12(a)(2) claim against all Defendants, including Dr. Kawas; therefore, Dr. Kawas has no obligation to respond to Plaintiffs' allegations in paragraph 172, which concern the Section 12(a)(2) claim. Furthermore, Dr. Kawas has no obligation to respond to the allegations in paragraph 172 for the additional reason that paragraph 172 purports to allege claims against only the Underwriter Defendants. To the extent the allegations in paragraph 172 are asserted against Dr. Kawas and Athira under Section 11 or Section 15 of the Securities Act, Dr. Kawas admits that the information in her dissertation and the articles that she co-authored was publicly available and denies every other allegation in paragraph 172.

173. The Court has dismissed Plaintiffs' Section 12(a)(2) claim against all Defendants, including Dr. Kawas; therefore, Dr. Kawas has no obligation to respond to Plaintiffs' allegations in paragraph 173, which concern the Section 12(a)(2) claim. Furthermore, Dr. Kawas has no obligation to respond to the allegations in paragraph 173 for the additional reason that paragraph 173 purports to allege claims against only the Underwriter Defendants. To the extent the allegations in paragraph 173 are asserted against Dr. Kawas and Athira under Section 11 or Section 15 of the Securities Act, Dr. Kawas denies each such allegation.

A. False and Misleading Statements in the IPO Materials

174. In answer to paragraph 174 of the Complaint, Dr. Kawas admits that Athira filed a Registration Statement on Form S-1 that was amended multiple times before being declared effective by the SEC on September 17, 2020; that after the Registration Statement was declared effective, Athira filed with the SEC a prospectus for an initial public offering ("IPO") pursuant to Rule 424(b)(4); and that Athira offered and sold 12 million shares of common stock at a price of \$17 per share in the IPO, for gross proceeds of \$204 million. Dr. Kawas states that the allegations

1 regarding the definition of "IPO Materials" are definitional, to which no response is required.
 2 Except as specifically admitted herein, Dr. Kawas denies the allegations in paragraph 174.

3 **1. Statements About Kawas's Qualifications**

4 175. In paragraph 175, Plaintiffs purport to quote in part from the IPO Materials.
 5 Dr. Kawas respectfully refers the Court to the IPO Materials for a complete and accurate recitation
 6 of their contents. Dr. Kawas denies the remaining allegations in paragraph 175, and further states
 7 that the Court dismissed Plaintiffs' challenge to the statement quoted in paragraph 175 as to all
 8 Defendants, including Dr. Kawas, holding that it was not false or misleading.

9 176. In paragraph 176, Plaintiffs purport to quote in part from the IPO Materials.
 10 Dr. Kawas respectfully refers the Court to the IPO Materials for a complete and accurate recitation
 11 of their contents. Dr. Kawas denies the remaining allegations in paragraph 176, and further states
 12 that the Court dismissed Plaintiffs' challenge to the statement quoted in paragraph 176 as to all
 13 Defendants, including Dr. Kawas, holding that it was not false or misleading.

14 177. Dr. Kawas denies the allegations in paragraph 177.

15 **2. Statement Regarding Licensing Agreement and Intellectual Property**

16 178. In paragraph 178, Plaintiffs purport to quote in part from the IPO Materials.
 17 Dr. Kawas respectfully refers the Court to the IPO Materials for a complete and accurate recitation
 18 of their contents. Dr. Kawas denies the remaining allegations in paragraph 178.

19 179. Dr. Kawas denies the allegations in paragraph 179.

20 **B. False and Misleading Statements in the SPO Materials**

21 180. In answer to paragraph 180 of the Complaint, Dr. Kawas admits that Athira filed a
 22 draft Registration Statement on Form S-1 with the SEC on January 6, 2021; that the draft
 23 Registration Statement was subsequently amended; that the SEC declared the Registration
 24 Statement effective; that Athira filed a prospectus with the SEC pursuant to Rule 424(b)(4); and
 25 that Athira offered 4 million shares of common stock in the secondary offering, priced at \$22.50
 26

1 per share. Except as specifically admitted herein, Dr. Kawas denies the allegations in
2 paragraph 180.

3 181. In answer to paragraph 181 of the Complaint, Dr. Kawas admits that the SPO
4 Materials repeated some statements that had been made in the IPO Materials, but denies that the
5 SPO Materials repeated verbatim all statements in the IPO Materials. Dr. Kawas respectfully
6 refers the Court to the IPO Materials and the SPO Materials for a complete and accurate recitation
7 of their contents. Except as specifically admitted herein, Dr. Kawas denies the allegations in
8 paragraph 181.

9 182. Dr. Kawas denies the allegations in paragraph 182.

10 **C. The IPO and SPO Materials Violated SEC Regulation S-K**

11 183. The allegations in paragraph 183 are allegations of law to which no response is
12 required. Dr. Kawas respectfully refers the Court to Regulation S-K (Item 303) for a complete
13 and accurate recitation of its contents. Dr. Kawas denies all remaining allegations in paragraph
14 183, denies any liability under Regulation S-K (Item 303), and states that the Court has previously
15 dismissed all claims against all Defendants, including Dr. Kawas, arising under Regulation S-K
16 (Item 303) and Section 10(b) of the Exchange Act.

17 184. The allegations in paragraph 184 are allegations of law to which no response is
18 required. Dr. Kawas respectfully refers the Court to 17 C.F.R. § 229.303(b) for a complete and
19 accurate recitation of its contents. Dr. Kawas denies any liability under Regulation S-K (Item 303)
20 or in relation to MD&A disclosures, and further states that the Court has previously dismissed all
21 claims against all Defendants, including Dr. Kawas, arising under Regulation S-K (Item 303).

22 185. The allegations in paragraph 185 are allegations of law to which no response is
23 required. Dr. Kawas respectfully refers the Court to SEC Release No. 33-6835 for a complete and
24 accurate recitation of its contents. Dr. Kawas denies any liability under Regulation S-K (Item 303)
25 or in relation to MD&A disclosures, and further states that the Court has previously dismissed all
26 claims against all Defendants, including Dr. Kawas, arising under Regulation S-K (Item 303).

1 186. The allegations in paragraph 186 are allegations of law to which no response is
2 required. Dr. Kawas respectfully refers the Court to SEC Release No. 33-6835 for a complete and
3 accurate recitation of its contents. Dr. Kawas denies any liability under Regulation S-K (Item 303)
4 or in relation to MD&A disclosures, and further states that the Court has previously dismissed all
5 claims against all Defendants, including Dr. Kawas, arising under Regulation S-K (Item 303).

6 187. The allegations in paragraph 187 are allegations of law to which no response is
7 required. Dr. Kawas respectfully refers the Court to SEC Release No. 33-6835 for a complete and
8 accurate recitation of its contents. Dr. Kawas denies any liability under Regulation S-K (Item 303)
9 or in relation to MD&A disclosures, and further states that the Court has previously dismissed all
10 claims against all Defendants, including Dr. Kawas, arising under Regulation S-K (Item 303).

11 188. The allegations in paragraph 188 are allegations of law to which no response is
12 required. Dr. Kawas respectfully refers the Court to the "2003 Rule" for a complete and accurate
13 recitation of its contents. Dr. Kawas denies any liability under Regulation S-K (Item 303) or the
14 2003 Rule, or in connection with MD&A disclosures, and further states that the Court has
15 previously dismissed all claims against all Defendants, including Dr. Kawas, arising under
16 Regulation S-K (Item 303).

17 189. The allegations in paragraph 189 are allegations of law to which no response is
18 required. Dr. Kawas respectfully refers the Court to Regulation S-K (Item 303) and SEC Release
19 No. 33-6835 for a complete and accurate recitation of their contents. Dr. Kawas denies all
20 remaining allegations in paragraph 189, denies any liability under Regulation S-K (Item 303) and
21 SEC Release No. 33-6835, and states that the Court has previously dismissed all claims against all
22 Defendants, including Dr. Kawas, arising under Regulation S-K (Item 303) and Section 10(b) of
23 the Exchange Act.

24 190. The allegations in paragraph 190 are allegations of law to which no response is
25 required. Dr. Kawas respectfully refers the Court to Regulation S-K (Item 503) for a complete
26 and accurate recitation of its contents. Dr. Kawas denies all remaining allegations in paragraph

190, denies any liability under Regulation S-K (Item 503), and states that the Court has previously dismissed all claims against all Defendants, including Dr. Kawas, arising under Regulation S-K (Item 503) and Section 10(b) of the Exchange Act.

COUNT III

Against the Securities Act Defendants for Violations of Section 11 of the Securities Act

191. The allegations in paragraph 191 constitute Plaintiffs' characterization of their Section 11 claim, to which no response is required. In addition, the allegations as to whether Plaintiffs' claim sounds in fraud are allegations of law to which no response is required. Dr. Kawas denies that she is liable with respect to Plaintiffs' Section 11 claim and, to the extent any additional answer to the allegations in paragraph 191 is required, Dr. Kawas denies each such allegation.

192. In answer to paragraph 192, Dr. Kawas incorporates by reference, as if fully set forth herein, her answers to paragraphs 1 through 191 above.

193. The allegations in paragraph 193 constitute Plaintiffs' characterization of their Section 11 claim, to which no response is required. Dr. Kawas denies that she is liable with respect to Plaintiffs' Section 11 claim and, to the extent any additional answer to the allegations in paragraph 193 is required, Dr. Kawas denies each such allegation.

194. Dr. Kawas denies the allegations in paragraph 194.

195. In answer to paragraph 195 of the Complaint, Dr. Kawas admits that Athira was the registrant and issuer of the common stock sold in the IPO and the SPO. Dr. Kawas further states that the allegations in the second sentence of paragraph 195 are allegations of law to which no response is required, but that if a response is required, Dr. Kawas denies the allegations therein. Dr. Kawas denies all remaining allegations in paragraph 195, including but not limited to the allegations that the Offering Materials contained material misrepresentations and omissions of material fact necessary to make the statements therein not false and misleading.

196. Dr. Kawas denies the allegations against her in paragraph 196.

1 197. The allegations in the first two sentences of paragraph 197 are allegations of law to
2 which no response is required, but if a response is required, Dr. Kawas denies the allegations
3 therein. Dr. Kawas denies all remaining allegations against her in paragraph 197, including but
4 not limited to the allegations that the Offering Materials contained material misrepresentations and
5 omissions of material fact necessary to make the statements therein not false and misleading.

6 198. Paragraph 198 purports to allege claims against only the Underwriter Defendants,
7 all of which the Court has dismissed. Therefore, Dr. Kawas has no obligation to respond to the
8 allegations in paragraph 198. In addition, the allegations in paragraph 198 regarding duty are
9 allegations of law to which no response is required. To the extent the allegations in paragraph 198
10 may be interpreted as being asserted against Dr. Kawas under Section 11 or Section 15 of the
11 Securities Act, Dr. Kawas denies each such allegation.

12 199. Dr. Kawas denies the allegations in paragraph 199.

13 200. Dr. Kawas denies the allegations in paragraph 200.

14 201. Dr. Kawas denies the allegations in paragraph 201.

15 202. Dr. Kawas admits the allegations in the third sentence of paragraph 202. With
16 respect to the first two sentences of paragraph 202, Dr. Kawas denies the allegations that Plaintiffs
17 and other members of the purported Class could not have reasonably discovered the facts
18 concerning the conduct alleged in the Complaint and that less than one year elapsed from the time
19 that Plaintiffs reasonably could have discovered the facts upon which the Complaint is based to
20 the time that Plaintiffs filed this Action. Dr. Kawas lacks knowledge or information sufficient to
21 admit or deny the remaining allegations in the first two sentences of paragraph 202, and on that
22 basis denies each such allegation.

COUNT IV
Against the Securities Act Defendants
for Violations of Section 12(a)(2) of the Securities Act

203. The allegations in paragraph 203 constitute Plaintiffs' characterization of their Section 12(a)(2) claim, which the Court has dismissed as to all Defendants, including Dr. Kawas, and to which no response is required. In addition, the allegations as to whether Plaintiffs' claim sounds in fraud are allegations of law to which no response is required. To the extent an answer to the allegations in paragraph 203 may nevertheless be required, Dr. Kawas denies each such allegation.

204. In answer to paragraph 204, Dr. Kawas incorporates by reference, as if fully set forth herein, her answers to paragraphs 1 through 203 above.

205. The allegations in paragraph 205 constitute Plaintiffs' characterization of their Section 12(a)(2) claim, which the Court has dismissed as to all Defendants, including Dr. Kawas, and to which no response is required. To the extent an answer to the allegations in paragraph 205 may nevertheless be required, Dr. Kawas denies each such allegation.

206. The Court has dismissed the Section 12(a)(2) claim as to all Defendants, including Dr. Kawas; therefore, Dr. Kawas has no obligation to respond to the allegations in paragraph 206. In addition, the allegations as to whether any of the Securities Act Defendants were sellers, offerors or solicitors of purchases of Athira's common stock are allegations of law to which no answer is required. To the extent an answer to the allegations in paragraph 206 may nevertheless be required, Dr. Kawas denies each such allegation.

207. The Court has dismissed the Section 12(a)(2) claim as to all Defendants, including Dr. Kawas; therefore, Dr. Kawas has no obligation to respond to the allegations in paragraph 207. To the extent an answer to the allegations in paragraph 207 may nevertheless be required, Dr. Kawas denies each such allegation.

208. The Court has dismissed the Section 12(a)(2) claim as to all Defendants, including Dr. Kawas; therefore, Dr. Kawas has no obligation to respond to the allegations in paragraph 208.

1 In addition, the allegations in paragraph 208 regarding duty are allegations of law to which no
 2 response is required. To the extent an answer to the allegations in paragraph 208 may nevertheless
 3 be required, Dr. Kawas denies each such allegation.

4 209. The Court has dismissed the Section 12(a)(2) claim as to all Defendants, including
 5 Dr. Kawas; therefore, Dr. Kawas has no obligation to respond to the allegations in paragraph 209.
 6 To the extent an answer to the allegations in paragraph 209 may nevertheless be required,
 7 Dr. Kawas denies each such allegation.

8 210. The Court has dismissed the Section 12(a)(2) claim as to all Defendants, including
 9 Dr. Kawas; therefore, Dr. Kawas has no obligation to respond to the allegations in paragraph 210.
 10 In addition, the allegations in paragraph 210 regarding potential remedies available under Section
 11 12(a)(2) are allegations of law to which no answer is required. To the extent an answer to the
 12 allegations in paragraph 210 may nevertheless be required, Dr. Kawas denies each such allegation.

13 211. Dr. Kawas admits the allegations in the second sentence of paragraph 211. With
 14 respect to the allegations in the first sentence of paragraph 211, Dr. Kawas denies that Plaintiffs
 15 and other members of the purported Class could not have reasonably discovered the facts upon
 16 which this Complaint is based more than one year before Plaintiffs filed this Action. Dr. Kawas
 17 lacks knowledge or information sufficient to admit or deny the remaining allegations in the first
 18 sentence of paragraph 211, and on that basis denies each such allegation. Dr. Kawas further states
 19 that the Court has previously dismissed Plaintiffs' Section 12(a)(2) claim against all Defendants,
 20 including Dr. Kawas, and that no response to paragraph 211 is required for this additional reason.

21 COUNT V

22 **Against the Securities Act Individual Defendants and** 23 **Director Defendants for Violations of Section 15 of the Securities Act**

24 212. The allegations in paragraph 212 constitute Plaintiffs' characterization of their
 25 Section 15 claim, to which no response is required. In addition, the allegations as to whether
 26 Plaintiffs' claim sounds in fraud are allegations of law to which no response is required. To the

1 extent an answer to the allegations in paragraph 212 may nevertheless be required, Dr. Kawas
 2 denies each such allegation. In further answer to paragraph 212, Dr. Kawas incorporates by
 3 reference, as if fully set forth herein, her answers to paragraphs 1 through 211 above.

4 213. The allegations in paragraph 213 constitute Plaintiffs' characterization of their
 5 Section 15 claim, to which no response is required. To the extent an answer to the allegations in
 6 paragraph 213 may nevertheless be required, Dr. Kawas denies each such allegation.

7 214. Dr. Kawas denies the allegations in paragraph 214.

8 **IX. CLASS ACTION ALLEGATIONS**

9 215. In answer to paragraph 215 of the Complaint, Dr. Kawas admits that Plaintiffs
 10 purport to bring this action as a class action pursuant to Federal Rule of Civil Procedure 23; denies
 11 that this action is appropriate for class action treatment and that any member of the putative class
 12 has been damaged by Dr. Kawas; and states that the remaining allegations in paragraph 215 are
 13 definitional only, to which no answer is required.

14 216. In answer to paragraph 216 of the Complaint, Dr. Kawas admits that Plaintiffs
 15 purport to bring this action as a class action pursuant to Federal Rule of Civil Procedure 23; denies
 16 that this action is appropriate for class action treatment; denies that Dr. Kawas has caused damage
 17 to any member of the putative class; and states that the remaining allegations in paragraph 216 are
 18 definitional only, to which no answer is required.

19 217. In answer to paragraph 217 of the Complaint, Dr. Kawas admits that at certain times
 20 during the Class Period (as defined by Plaintiffs) more than 30 million shares of Athira's common
 21 stock was outstanding; and that Athira's shares traded on the NASDAQ Global Select Market.
 22 Dr. Kawas further states that Plaintiffs' allegations of numerosity and impracticability of joinder
 23 in the first sentence of paragraph 217 are allegations of law, to which no answer is required. Except
 24 as specifically admitted herein, Dr. Kawas denies the allegations in paragraph 217.

25 218. In answer to paragraph 218 of the Complaint, Dr. Kawas admits that record owners
 26 of Athira's common stock can be identified from records maintained by Athira or its transfer agent;

1 that the number of class members can be determined through discovery; and that class members
2 are likely to number in the thousands and be residents of more than one state. Dr. Kawas further
3 states that the allegations regarding notice to potential class members are allegations of law to
4 which no response is required. Except as specifically admitted herein, Dr. Kawas denies the
5 allegations in paragraph 218.

6 219. Dr. Kawas states that the allegation of typicality in the first sentence of paragraph
7 219 is an allegation of law, to which no response is required, but to the extent this allegation may
8 be considered an allegation of fact, Dr. Kawas lacks knowledge or information sufficient to admit
9 or deny this allegation, and on that basis denies such allegation. Dr. Kawas further states that the
10 Court has dismissed Plaintiffs' Exchange Act claims as to all Defendants, including Dr. Kawas,
11 and on this basis Dr. Kawas has no obligation to answer the allegation in the second sentence of
12 paragraph 219. Dr. Kawas denies the remaining allegations in paragraph 219.

13 220. Dr. Kawas lacks knowledge or information sufficient to admit or deny the
14 allegations in paragraph 220, and on that basis denies each such allegation.

15 221. In answer to paragraph 221 of the Complaint, Dr. Kawas states that whether
16 questions of law or fact are common to all members of the purported class and whether common
17 questions predominate over questions solely affecting individual members of the purported class
18 are allegations of law to which no response is required, but that if a response is required, Dr. Kawas
19 lacks knowledge or information sufficient to admit or deny these allegations. Dr. Kawas denies
20 the remaining allegations in paragraph 221.

21 222. In answer to paragraph 222 of the Complaint, the allegations of superiority and
22 impracticability of joinder are allegations of law, to which no response is required. To the extent
23 an answer nevertheless may be required, Dr. Kawas denies all allegations in paragraph 222,
24 including the allegation that members of the purported class have suffered damages.

AFFIRMATIVE DEFENSES

Dr. Kawas further responds to the Complaint by alleging the following affirmative defenses. In setting forth the following affirmative and other defenses to Plaintiffs' claims, Dr. Kawas does not assume any burden of proof not otherwise imposed upon her by law.

1. Plaintiffs fail to state a claim upon which relief can be granted for the reasons set forth in Defendants' Motion to Dismiss Consolidated Amended Complaint filed on March 8, 2022 (ECF No. 76), Defendants' Reply in Support of Motion to Dismiss Consolidated Amended Complaint filed on June 6, 2022 (ECF No. 87), Defendant Dr. Leen Kawas's Motion for Partial Reconsideration of Order of July 29, 2022, filed on August 12, 2022 (ECF No. 90), and Defendant Dr. Leen Kawas's Reply in Support of Motion for Partial Reconsideration of Order of July 29, 2022, filed on September 16, 2022 (ECF No. 94).

2. Plaintiffs' claims are barred, in whole or in part, because Plaintiffs and/or members of the putative class lack standing because, among other deficiencies, Plaintiffs cannot trace their shares to the IPO or SPO registration statements.

3. Plaintiffs' claims are barred, in whole or in part, because Dr. Kawas did not make any misrepresentation or omission of material fact and is not responsible in law or in fact for any alleged misrepresentation or omission of material fact made by others.

4. Plaintiffs' claims are barred, in whole or in part, because Dr. Kawas cannot be liable for statements of opinion and/or puffery.

5. Plaintiffs' claims are barred, in whole or in part, because the alleged misrepresentations or omissions were not material and neither caused, nor were a material causal factor in, Plaintiffs' investment decisions or any alleged losses. Plaintiffs' damages, if any, resulted from the acts or omissions of Plaintiffs or others and not from any acts or omissions by Dr. Kawas or other Defendants.

1 6. Plaintiffs' claims are barred, in whole or in part, by negative causation because the
2 claimed damages did not result from the alleged false or misleading information in the Offering
3 Materials.

4 7. Plaintiffs' claims are barred, in whole or in part, because Plaintiffs have not suffered
5 any cognizable injury attributable, in whole or in part, to any acts, misrepresentations, or omissions
6 by Defendants.

7 8. Plaintiffs' claims are barred, in whole or in part, because Plaintiffs failed to use
8 reasonable care to prevent, mitigate, or minimize any alleged damages.

9 9. Plaintiffs' claims are barred, in whole or in part, by the doctrines of laches, waiver,
10 estoppel, and/or unclean hands.

11 10. Plaintiffs' claims are barred, in whole or in part, because Dr. Kawas was entitled to,
12 and did reasonably, justifiably and in good faith rely upon the work and conclusions of others,
13 including experts, in executing or authorizing the execution and/or publication of any document
14 or public filing containing the statements complained of in the Complaint.

15 11. Dr. Kawas acted at all times and in all respects in good faith and with due care and
16 did not directly or indirectly induce the acts constituting the violation or cause of action alleged by
17 Plaintiffs.

18 12. Dr. Kawas is not liable as a control person for any claims under the Securities Act.

19 13. This action is barred, in whole or in part, because any facts allegedly omitted or
20 withheld were already known to the market.

21 14. This action is barred, in whole or in part, because Dr. Kawas had no duty to disclose
22 any facts allegedly not disclosed.

23 15. This action is barred because it is "without merit" as that term is used in the last
24 sentence of Section 11(e) of the Securities Act.

25 16. This action is barred, in whole or in part, because any recovery by Plaintiffs or
26 members of the putative class would constitute unjust enrichment.

1 17. Plaintiffs and members of the putative class are not entitled to any recovery from
 2 the Defendants because Plaintiffs and the putative class purchased Athira's securities with actual
 3 or constructive knowledge of the risks involved in an investment in those securities, and thus
 4 assumed the risk that the value of the securities would decline if such risks materialized.

5 18. This action may not be maintained as a class action because the putative class is not
 6 certifiable under Rule 23 of the Federal Rules of Civil Procedure for one or more of the following
 7 reasons:

- 8 • The numerosity requirement of Rule 23 is not met.
- 9 • The commonality requirement of Rule 23 is not met.
- 10 • The typicality requirement of Rule 23 is not met.
- 11 • The adequacy of representation requirement of Rule 23 is not met.
- 12 • Individual issues predominate over common issues.

13 19. To the extent Plaintiffs purchased Athira's stock offered in the IPO or SPO before
 14 the allegedly defective Offering Materials were issued, their claims are barred by a lack of reliance.

15 20. Dr. Kawas is entitled to contribution from any person who, if sued separately,
 16 would have been liable to make the same payment.

17 21. Any recovery from Dr. Kawas of damages allegedly incurred by Plaintiffs is barred,
 18 in whole or in part, by the doctrines of contributory and/or comparative negligence.

19 22. Any recovery from Dr. Kawas of damages allegedly incurred by Plaintiffs is barred,
 20 in whole or in part, to the extent they exceed the amount for which Dr. Kawas is proportionately
 21 liable.

22 23. Any recovery of damages allegedly incurred by Plaintiffs is barred, in whole or in
 23 part, by the limitations on damages in Sections 11(e) and 11(g) of the Securities Act.

24 24. Dr. Kawas denies that Plaintiffs are entitled to recovery of attorneys' fees.

25 25. Dr. Kawas reserves the right to assert other defenses, crossclaims, or third-party
 26 claims if and when they become appropriate.

PRAYER FOR RELIEF

WHEREFORE, Dr. Kawas respectfully prays for relief as follows:

- A. Declining to certify this action as a class action;
- B. Dismissing Plaintiffs' claims with prejudice;
- C. Awarding Dr. Kawas her costs, including reasonable attorneys' fees; and
- D. Awarding to Dr. Kawas such other relief as this Court may deem just and proper.

Dated: November 4, 2022

PERKINS COIE LLP

By: s/ Sean C. Knowles

Sean C. Knowles, Bar No. 39893
Joseph E. Bringman, Bar No. 15236
Zachary E. Davison, Bar No. 47873
1201 Third Avenue, Suite 4900
Seattle, Washington 98101-3099
Telephone: +1.206.359.8000
Facsimile: +1.206.359.9000
SKnowles@perkinscoie.com
JBringman@perkinscoie.com
ZDavison@perkinscoie.com